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## EU Says US Internet Gambling Laws Breach WTO Rules

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WTO action against US internet gambling laws would be justified, according to an EU report that was made public last week.

Brussels first made a public claim that Washington's internet gambling laws were illegal back in March (see Bridges Weekly, 1 April 2009, <http://ictsd.net/i/news/bridgesweekly/44507/>), but it has now released the full text of the report that backs the accusation.

"Internet gambling is a complex and delicate area, and we do not want to dictate how the US should regulate its market. However, the US must respect its WTO obligations. I hope that we will be able to reach an amicable solution to this issue," EU Trade Commissioner Catherine Ashton said in a statement.

The 94-page report is the culmination of a year-long investigation that was triggered by a December 2007 request from the London-based Remote Gambling Association. The RGA claimed, among other things, that Washington's ban on foreign internet gambling providers was unfairly discriminatory and constituted a violation of world trade rules. European gambling companies maintain that their profits and stock prices have tumbled since Washington's Unlawful Internet Gambling Enforcement Act (UIGEA), which was passed in 2006 by a Republican-controlled Congress, forced them to pull out of the US market. The EU report largely supported those accusations.

But changes to the US law could come soon. Last month, US Congressman Barney Frank introduced legislation, dubbed the Reasonable Prudence in Regulation Act, which would overturn the UIGEA. So far, the bill has attracted 15 co-sponsors and has been recommended for review by the House Committee on Financial Services.

But WTO action would still be justified even if Washington amends its laws, the EU report concluded, based on the fact that the US is now engaged in legal proceedings against European internet gambling providers for actions they took before the UIGEA took effect. The US maintains that it was illegal for foreign providers to operate in the United States even prior to the law's passage in 2006, but EU firms maintain that the law was unclear at the time.

Despite the conclusions of the report, a WTO case may not necessarily be imminent, Brussels said last week.

"Although WTO proceedings would be justified on the basis of the report, this is not an automatic consequence," the Commission said in a statement, adding that the EU's first tactic would be to consult with the administration of US President Barack Obama on the matter.

### Additional information

To download the full EU report, please visit [http://trade.ec.europa.eu/doclib/docs/2009/june/tradoc\\_143405.pdf](http://trade.ec.europa.eu/doclib/docs/2009/june/tradoc_143405.pdf).

ICTSD reporting: "Barney Frank Bill to Delay UIGEA Regulations Up to 13 Co-Sponsors," POKER NEWS DAILY, 10 June 2009.

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